



**OASD(NII) / DoD CIO**  
**DASD for C3ISR & IT Acquisition**



# **10 U.S.C. Chapter 144A and Major Automated Information System Annual Reports**

**Presented by the  
Acquisition Directorate  
Office of the Assistant Secretary of  
Defense for  
Networks and Information Integration  
(NII)**



# Agenda

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- Overview of 10 U.S.C. Chapter 144A
- Overview of Major Automated Information System Annual Reports
- Panel Discussion with Questions and Answers



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# **Overview of 10 U.S.C. Chapter 144A**

**William May**  
**OASD(NII)/Acquisition**  
**October 30, 2007**



# Purpose

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- Overview requirements of Section 816 FY07 National Defense Authorization Act and its impact on MAIS programs
  - Incorporated into statute as 10 U.S.C. Chapter 144A



# Effective Date

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- 10 U.S.C. Chapter 144A becomes effective on January 1, 2008
  - First submission of cost, schedule, performance is due NLT 45 days after the FY09 President's Budget is submitted to Congress
  - Annually thereafter



# Key Requirements of 10 U.S.C. Chapter 144A

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- Defines Major Automated Information System (MAIS) in statute
  - Extends all provisions of the statute to any increment that separately meets requirements for treatment as a MAIS
- Requires an annual report to congressional defense committees for MAIS (analogous to a SAR)
- Requires Program Managers to report quarterly any variance against baseline
- Designates USD(AT&L) and Service Acquisition Executives as Senior Officials responsible for programs
- Imposes a time-certain development requirement of 5 years from Milestone A to Initial Operational Capability (IOC)
- Defines congressional reporting requirements
  - Significant program change
  - Critical program change
    - Assessment and certification



# Definition of MAIS (10 U.S.C. 2445a)

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A Department of Defense program for the acquisition of an automated information system (either as a product or a service) if—

- (1) the program is designated by the Secretary of Defense, or a designee of the Secretary, as a major automated information system program; or
- (2) the dollar value of the program is estimated to exceed —
  - (A) \$32,000,000 in fiscal year 2000 constant dollars for all program costs in a single fiscal year;
  - (B) \$126,000,000 in fiscal year 2000 constant dollars for all program acquisition costs for the entire program; or
  - (C) \$378,000,000 in fiscal year 2000 constant dollars for the total life-cycle costs of the program (including operation and maintenance costs).



# Definition of “Program Costs” (Draft for DoDI 5000.2)

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10 U.S.C. 2445a:

- \$32,000,000 in fiscal year 2000 constant dollars for all program costs in a single fiscal year;

DoDI 5000.2: Estimated to exceed:

- \$32 million in fiscal year (FY) 2000 constant dollars for all expenditures, for all increments, regardless of the appropriation or fund source, directly related to the AIS definition, design, development, and deployment, and incurred in any single fiscal year





# Definition of “Program Acquisition Costs”

## (Draft for DoDI 5000.2)

10 U.S.C. 2445a:

- \$126,000,000 in fiscal year 2000 constant dollars for all program acquisition costs for the entire program;

DoDI 5000.2: Estimated to exceed:

- \$126 million in FY 2000 constant dollars for all expenditures, for all increments, regardless of the appropriation or fund source, directly related to the AIS definition, design, development, and deployment, and incurred from the beginning of the Concept Refinement phase through deployment at all sites

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# Definition of "Total Life-Cycle Costs"

## (Draft for DoDI 5000.2)

10 U.S.C. 2445a:

- \$378,000,000 in fiscal year 2000 constant dollars for the total life-cycle costs of the program (including operation and maintenance costs).

DoDI 5000.2: Estimated to exceed:

- \$378 million in FY 2000 constant dollars for all expenditures, for all increments, regardless of the appropriation or fund source, directly related to the AIS **definition, design, development, deployment, operations, maintenance, and disposal**, and incurred from the beginning of the Concept Refinement phase through sustainment and disposal for the estimated useful life of the system



# Annual Cost, Schedule and Performance Report (10 U.S.C. 2445b)

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- Due annually to Congress 45 days after submission of the President's Budget (PB)
- Shall include the following
  - Development schedule with major milestones
  - Implementation schedule including estimates of milestone dates, IOC and FOC
  - Estimates of development and life-cycle costs
  - Summary of key performance parameters
- Initial report constitutes the baseline for determining significant and critical changes in the program



# Program Manager's Quarterly Report (10 U.S.C. 2445c)

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- Quarterly must submit written report to Senior Official for the program
- Report must identify any variance from original baseline submitted to Congress in
  - Projected development schedule
  - Implementation schedule
  - Life-cycle costs
  - Key performance parameters



# Senior Officials Defined (10 U.S.C. 2445c)

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- In the case of an automated information system to be acquired for a military department, the senior acquisition executive for the military department
- In the case of any other automated information system to be acquired for the Department of Defense or any component of the Department of Defense, the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L))



# Reports on Program Changes (10 U.S.C. 2445c)

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- Senior Officials must review Program Manager's quarterly reports, determine whether a significant or critical change has occurred, and for
  - Significant program changes, notify congressional defense committees of the change by 45 days after receiving the PM's report
  - Critical program changes, by 60 days after receiving PM's report,
    - Conduct an evaluation of the program
    - Submit a report and certification to the congressional defense committees



# Significant Change Defined

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- Schedule: a delay of more than six months but less than a year in any program schedule milestone or significant event from the initial baseline
- Cost: estimated program development cost or full life-cycle cost for the program has increased by at least 15 percent, but less than 25 percent, over the original estimate
- Performance: a significant, adverse change in the expected performance of the major automated information system to be acquired



# Critical Change Defined

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- Time certain development: failure to achieve IOC within five years of milestone A approval
- Schedule: a delay of one year or more in any program schedule milestone or significant event from the original baseline
- Cost: the estimated program development cost or full life-cycle cost for the program has increased by 25 percent or more over the original baseline
- Performance: a change in expected performance that will undermine the ability of the system to perform the functions anticipated in the original baseline





# Program Evaluation Requirements for Critical Changes

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- An assessment of—
  - (1) the projected cost and schedule for completing the program if current requirements are not modified;
  - (2) the projected cost and schedule for completing the program based on reasonable modification of such requirements; and
  - (3) the rough order of magnitude of the cost and schedule for any reasonable alternative system or capability



# Report on Critical Changes

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- Must include Senior Official's written certification (with supporting explanation) that—
  - (1) the automated information system to be acquired is essential to the national security or to the efficient management of the Department of Defense
  - (2) there is no alternative to the system which will provide equal or greater capability at less cost
  - (3) the new estimates of the costs, schedule, and performance parameters with respect to the program and system are reasonable; and
  - (4) the management structure for the program is adequate to manage and control program costs



# Prohibition on Obligation of Funds

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- If the Senior Official does not submit the required report on critical program changes within 60 days of receiving the PM's report, appropriated funds may not be obligated for any major contract under the program
- The prohibition ceases to apply on the date on which Congress receives a report in compliance with the law



## 10 U.S.C. 2445d Construction with other reporting requirements

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“In the case of a major automated information system program covered by this chapter that is **also treatable as a major defense acquisition program** for which reports would be required under chapter 144 of this title, **no reports on the program are required under such chapter** if the requirements of this chapter with respect to the program are met.”



# Questions ???

William May

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# **Major Automated Information System Annual Reports**

**Michael Marro**  
**OASD(NII)/Acquisition**  
**October 2007**



# Purpose

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- Overview annual reporting requirements levied by 10 U.S.C. Chapter 144A
  - Explain requirements
  - Discuss MAIS that are also MDAPs
  - Describe content of MAIS Annual Report to Congress
  - Describe OSD review process
  - What To Do Now To Prepare For Reporting



# Annual Cost, Schedule and Performance Report (10 U.S.C. 2445b)

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- Due annually to Congress 45 days after submission of the President's Budget (PB)
- Shall include the following
  - Development schedule with major milestones
  - Implementation schedule including estimates of milestone dates, IOC and FOC
  - Estimates of development and life-cycle costs
  - Summary of key performance parameters
- Initial report constitutes the baseline for determining significant and critical changes in the program
- First submission of cost, schedule, performance is due NLT 45 days after the FY09 President's Budget is submitted to Congress





# MAIS/MDAP: Other Statutory Considerations

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- If a MAIS-MDAP reports under Chapter 144 (i.e., completes a Selected Acquisition Report), it does not alter the applicability of Chapter 144A
  - A MAIS-MDAP must submit annual budget justification information required by Chapter 144A
  - The Program Manager must file quarterly variance reports required by Chapter 144A
  - The Senior Official must evaluate the Program Manager's quarterly reports for significant or critical program changes
  - A MAIS-MDAP must report significant or critical program changes
  - Time-certain development requirements of Chapter 144A and Section 811 of the FY07 NDAA still apply (i.e., 5 years from Milestone A to IOC)



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# MAIS Annual Report Content



# Cover Page

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## Defense Acquisition Management



## Major Automated Information System Annual Report Program XYZ

As of Date: December 31, 2007

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# Table of Contents

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# Program Information

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## Program Information

### ***Program Name (Acronym)***

Program XYZ (XYZ)

### ***DoD Component***

Air Force

## Points of Contact

### ***Program Manager (PM) Information***

Col Joe Smith

Comm Phone:

XXX-XXX-XXXX

DSN: XXX-XXX

A Street

Bldg 1

Somewhere AFB, MA

01234-1000

[joe.smith@somewhere.af.mil](mailto:joe.smith@somewhere.af.mil)

Date Assigned: July 1, 2007



# Program Description

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Enter the official program description from the Acquisition Program Baseline (APB) as recorded in CARS and displayed in DAES or DAMIR.



# Program Status

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**Original Report:** This is the first report to Congress for the XYZ Program [insert actual program name] under the provisions of 10 U.S.C. Chapter 144A. The schedule, cost and performance estimates outlined in this report constitute the baseline for Congressional reporting purposes as required by 10 U.S.C. Chapter 144A.

**No Significant Change:** The program is on track with the schedule, cost and performance thresholds identified in the initial annual congressional reporting baseline; there have been no significant or critical program changes (as defined by 10 U.S.C. Chapter 144A) reported since the last annual congressional report.

**Significant Program Change:** Per 10 U.S.C. Chapter 144A, the Senior Official notified the congressional defense committees on [date] of a significant program change affecting the program's [cost, schedule, performance (include all that apply)].

**Critical Program Change:** Per 10 U.S.C. Chapter 144A, the Senior Official provided the congressional defense committees a report with certification on [date] of a critical program change affecting the program's [cost, schedule, performance (include all that apply)].

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# Schedule

Schedule Milestone	Original Estimate	Current Estimate or Actual
Milestone A		
Increment I		
Milestone B - Increment I		
Milestone C -- Increment I		
Full Deployment Decision Review		
Initial Operational Capability		
Full Operational Capability		
Increment II		
Milestone B - Increment II		
Milestone C -- Increment II		
Full Deployment Decision Review	UNCLASSIFIED	





# Performance Characteristics

Key Performance Parameters	Original Estimate	Current Estimate or Actual
<i>Enter Key Performance Parameters (KPPs) from the Acquisition Program Baseline (APB). Complete a separate table for any increment that separately meets the requirements for treatment as a MAIS per 10 U.S.C. 2445a, and if applicable, a summary table depicting KPPs for the program overall.</i>		



# Cost Estimate

Acquisition Cost				
Appropriation/Category	BASE YEAR YYYY \$M		THEN YEAR \$M	
	Original Estimate	Current Estimate or Actual	Original Estimate	Current Estimate or Actual
RDT&E				
Procurement				
MILCON				
Acquisition O&M				
WCF-C				
WCF-O				
Total Acquisition Cost	\$ -	\$ -	\$ -	\$ -
Operating and Support (O&S) Cost				
RDT&E				
Procurement				
MILCON				
O&M				
WCF-C				
WCF-O				
Total Operating and Support (O&S) Cost	\$ -	\$ -	\$ -	\$ -
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Total Life Cycle Cost				



# Review Process

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- OSD Action Officer responsible for program oversight conducts preliminary review using checklist
- Review team uses AO input to conduct triage
  - Reports that are good to go
  - Reports that need minor changes/improvements
  - Reports with significant issues
- OSD team & Component POCs work to resolve any areas of concern
- OSD team compiles consolidated reports, prepares cover memorandum, obtains ASD(NII) signature, submits report to congressional defense committees

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# Review Checklist

Item	OK	Minor Issues	Major Issues	Comments
Content				
Management, Execution, Oversight				
APB Crosscheck				
300s Crosscheck				
Writing				
Format				

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# What To Do Now

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- Review Program Structure and Baseline
  - Identify blocks or increments that exceed cost thresholds
  - Review Milestone A to Initial Operational Capability (<5 years?)
  - Consider potential for cost growth, schedule slips and performance shortfalls during CY08
  - Review status of current APB—in breach?
- Fix broken baselines by 31 Dec 07
- Restructure programs to avoid triggering 144A breaches
- Track OSD lessons learned from dry run reports
- Begin gathering data for reports
- Identify and elevate issues ASAP

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# Next Steps

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- Complete analysis of dry run
- Publish lessons learned and guidance for Components
- Components prepare initial reports (Nov – Dec)
- OSD review and submit initial reports (Jan – Mar)
- Reports due to Congress March 20, 2008



# OASD(NII) / DoD CIO DASD for C3ISR & IT Acquisition



## Questions ???

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# **Panel Discussion Audience Q&A**

**Ms. Carolyn Bainer**

**Ms. Betty Revelle**

**Mr. Bill May**

**Mr. Dennis Hyde**

**Mr. Mike Marro**





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# Backups



# Content Check

Item #	Item	Y/N/NA
1	<b>Content check:</b> does the report contain the required content?	
1.1	Cover page complete and accurate?	
1.2	Program nomenclature correct?	
1.3	Component and Program Manager information current and accurate?	
1.4	Program description corresponds to information recorded in Consolidated Acquisition Reporting System (CARS) and displayed in Acquisition Program Baseline and Defense Acquisition Executive Summary (DAES) or Defense Acquisition Management Information Retrieval (DAMIR) system?	
1.5	Does the Program Description section contain explanatory notes regarding the content of the report? If so, review the notes carefully. Highlight any issues outlined in the notes in your comments.	
1.6	Program Status indicates correct status for the program? NOTE: The FY09 report is the Original Report for all programs (see the	

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# Content Check Continued

Item #	Item	Y/N/NA
1.7	Does the Program Status section contain explanatory notes regarding the content of the report? If so, review the notes carefully. Highlight any issues outlined in the notes in your comments.	
1.8	Does the Schedule section show the schedule for the program as outlined in the current APB?	
1.9	Does the Schedule section include the date of Milestone A approval (or its equivalent)?	
1.10	Does the Schedule section include the anticipated or actual date of Initial Operational Capability (IOC) for each increment of the program which is currently baselined in the APB?	
1.11	Does the Schedule section include the anticipated or actual date of Full Operational Capability (FOC) for each increment of the program which is currently baselined in the APB?	

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# Content Check Continued

Item #	Item	Y/N / NA
1.12	Does the Performance Characteristics section list the Key Performance Parameters for each increment of the program currently baselined in the APB?	
1.13	Does the Cost Estimate contain a table summarizing acquisition costs and life cycle costs for each increment of the program which is currently baselined in the APB?	



# Program Management, Execution and Oversight

2	<b>Program Management, Execution and Oversight</b>	<b>Y/N/ NA</b>
2.1	Is the program scheduled to achieve IOC within 5 years of Milestone A approval?	
2.2	Is the program in breach of the APB baseline?	
2.3	Is the program reporting that a significant or critical change occurred in the past year?	
2.4	Is the program on track to meet the schedule outlined in the report?	
2.5	Is the program on track to stay within the budget outlined in the report?	
2.6	Does the report accurately portray the program based on your knowledge derived from quarterly program reviews, program documentation, and oversight activities?	

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# Acquisition Program Base

3	<b>Cross-check with Acquisition Program Baseline (APB):</b> does the information reported in the MAIS Annual Report agree with information contained in the latest APB for this program?	<b>Y/N/NA</b>
3.1	Program descriptions match?	
3.2	Schedule matches?	
3.3	KPPs match?	
3.4	Cost estimates correspond?	
3.5	If differences exist, are there explanatory notes in the report?	



# Exhibit 300 Crosscheck

4	<b>Cross-check with the Exhibit 300:</b> does the information reported in the MAIS Annual Report agree with information reported in the FY2009 Exhibit 300?	<b>Y/N/ NA</b>
4.1	Compare Program Description with Exhibit 300 Part I, A.8 (Brief summary of investment)	
4.2	Compare Program Manager information with Exhibit 300 Part I, A.11 (Project Manager information)	
4.3	Compare Funding and Cost section with Exhibit 300 Part I, B (Summary of Spending)	
4.4	Compare Schedule with Exhibit 300 Part II, C.4 (Comparison of Initial Baseline and Current Approved Baseline)	

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# Writing

5	Quality Control: Writing review	Y/N/ NA
5.1	Spelling check ok?	
5.2	Does the report avoid use of acronyms? If used, are all acronyms spelled out?	
5.3	Is the report free of errors in grammar?	





# Format

6	Quality Control: Format review	Y/N/ NA
6.1	Are the margins consistent?	
6.2	Is the table of contents accurate (i.e., page numbers are correct, all sections are listed, etc.)?	
6.3	Is each section clearly and correctly titled?	
6.4	Are tables displayed correctly?	
6.5	If tables break across pages, are header rows displayed at the top of continuation pages?	
6.6	Font is Times New Roman 12 points?	
6.7	Pages numbered?	



# MAIS Annual Report Dry Run Scorecard

PROGRAM	ACAT	Report Submitted?
CITS	IAC	N
TDC	IAC	N
MBCOTM	IAC	N
TELEPORT	IAM	Y
NDS	TBD	N
MPS	ID	N
NCES	IAM	Y
AHLTA	IAM	Y
DTS	IAC	Y
TMIP	IAM	Y

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# MAIS Annual Report Dry Run Scorecard

PROGRAM	ACAT	Report Submitted?
CCIC2S	IAC	N
ISPAN	IAM	N
PKI	IAM	N
BCS-F	IAC	N
BCS-M	IAC	N
DJC2	IAM	N
GCCS-A	IAC	Y
GCCS-CC/JTF	IAC	Y
GCCS-J	IAM	Y
GCCS-M	IAC	N
MCS	IAC	N
NECC	PreMDAP	Y

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